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No. 01-1855

IN THE

Supreme Court of the United States

LEMELSON MEDICAL, EDUCATION & RESEARCH FOUNDATION, PETITIONER

v.

SYMBOL TECHNOLOGIES, INC., COGNEX CORPORATION, ET AL.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF FOR THE RESPONDENTS IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the court of appeals correctly rejected petitioner's claims that the doctrine of laches recognized by this Court with respect to patent prosecution (i) is limited to the interference context or (ii) was superseded by the 1952 Patent Act.

2. Whether a court of appeals may constitutionally designate some of its panel opinions as non-precedential.

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OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-19a) is reported at 277 F.3d 1361. The opinion of the district court (Pet. App. 20a-31a) is unreported.

JURISDICTION

The judgment of the court of appeals was entered on January 24, 2002. A petition for rehearing was denied on March 25, 2002 (Pet. App. 32a-33a). The petition for a writ of certiorari was filed on June 18, 2002. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATEMENT

Petitioner argues principally (*see, e.g.*, Pet. 2-3, 8-20) that it is entitled to enforce patent claims that were first sub-

mitted to the Patent and Trademark Office decades after the initial patent application on which they purport to rely, and long after the products accused of infringing were first introduced to the market by others. The court of appeals simply confirmed that, under this Court's cases, respondents should be given an opportunity to show that the equitable principle of laches bars enforcement of those claims, even if the long delay in submitting them did not violate any express provision of the Patent Act. That interlocutory decision, applying settled law, does not warrant review by this Court.

1. A brief review of some of the rules and practices relating to patent applications provides necessary background for a discussion of the equitable doctrine at issue in this case.

Every patent application includes a "specification," which must

> contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and . . . set forth the best mode contemplated by the inventor of carrying out his invention.

35 U.S.C. § 112. The specification concludes with one or more "claims," which "particularly point[] out and distinctly claim[] the subject matter which the applicant regards as his invention." *Id.*; *see also, e.g.*, *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996). "Out of all the possible permutations of elements which can be made from the specifications, [the inventor] reserves for himself only those contained in the claims." *Milcor Steel Co.* v. *George A. Fuller Co.*, 316 U.S. 143, 146 (1942) (internal quotation marks and citation omitted); *see also Johnson & Johnston Assocs.* v. *R.E. Serv. Co.*, 285 F.3d 1046, 1052-53 (Fed. Cir. 2002) (en banc) (per curiam). The combination of full disclosure and distinct claims serves both to "'secure to [the

patentee] all to which he is entitled, [and] to apprise the public of what is still open to them.'" *Markman*, 517 U.S. at 373 (quoting *McClain* v. *Ortmayer*, 141 U.S. 419, 424 (1891)) (alterations in original); *see also Festo Corp.* v. *Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. 1831, 1837 (2002) ("A patent holder should know what he owns, and the public should know what he does not.").

A patent holder or applicant may conclude that his original application should have included additional specific claims, covering subject matter already disclosed in the specification. If this occurs after a patent has issued, the holder may in some circumstances obtain a "reissued" patent, good for the remainder of the original patent term, on the ground that "through error without any deceptive intention, . . . [he] claim[ed] less than he had a right to claim in the patent." 35 U.S.C. § 251. If it occurs while an application is pending, the applicant may ask the Patent and Trademark Office (PTO) to consider new claims based on the original specification. Mechanisms for such a request include a "continuation" application, which asserts new claims without seeking to introduce any "new matter" into the original description of the invention, or a "continuation-in-part" (CIP) application, which adds some new matter, but relies in part on the original description. *See Johnson & Johnston*, 285 F.3d at 1055. An applicant may also file a "divisional" application, which is "carved out of a pending application," and which purports to claim "an independent or distinct invention" while still "disclosing and claiming only subject matter disclosed in the earlier or parent application." U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure* § 201.06 (8th ed. 2001); *see, e.g., Transco Prods. Inc.* v. *Performance Contracting, Inc.*, 38 F.3d 551, 555-56 (Fed. Cir. 1994). Continuation, CIP, and divisional applications (known collectively as "continuing" applications) all developed as "creature[s] of patent office practice and case law," although the practice was codified to some extent when

Congress revised the Patent Act in 1952. *Transco*, 38 F.3d at 556; *see also* 35 U.S.C. §§ 120-21.

Any claim ultimately allowed on a continuing application, with respect to subject matter that was fully disclosed in the original application, benefits from the original application's filing date. *See, e.g., Transco*, 38 F.3d at 556-57. This means that subject matter disclosed but not claimed in the original application may become the subject of a later patent based on the state of the art at the time of that application, without regard to intervening disclosures or developments by others—and to the exclusion of what would otherwise be the rights of later inventors. *See, e.g.*, Pet. 12 n.5; 35 U.S.C. §§ 102(b) and (e), 103; *Hazeltine Research, Inc.* v. *Brenner*, 382 U.S. 252, 254-55 (1965); *In re Wertheim*, 646 F.2d 527, 532-37 (C.C.P.A. 1981).

Until 1995, any patent that ultimately issued on a continuing application—sometimes years after the original application—conferred exclusive rights to the newly claimed invention for seventeen years *from the date of issue*. *See* 35 U.S.C. § 154 (1988).[1] And until 1999, additional claims in a continuing application remained secret unless and until a patent issued on that application. *See* 35 U.S.C. § 122 (1994).[2] Accordingly, parties using technology that they reasonably thought to be in the public domain, or covered only by known patents, could sometimes be confronted unexpectedly with new patents—often called "submarine" patents—that

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[1] In 1994, Congress amended Section 154 to provide that any patent granted on an application filed on or after June 8, 1995, will expire 20 years from the date on which the application was filed—or, in the case of a continuing application, from the date on which the earliest parent application was filed. 35 U.S.C. § 154(a)(2), *as amended by* the Uruguay Round Agreements Act, Pub. L. 103-465, § 532, 108 Stat. 4809, 4983-84 (1994); *id.* § 534(b)(1), 108 Stat. 4990 (effective date).

[2] In 1999, Congress amended Section 122 to provide that patent applications are generally to be published "promptly after the expiration of a period of 18 months from the earliest filing date for which a benefit is sought." 35 U.S.C. § 122(b)(1)(A) (Supp. V 1999).

purportedly conferred exclusive rights far into the future, with respect to inventions that were assertedly first disclosed in patent applications filed years before.

2. Petitioner is the assignee of various patents originally issued to Jerome Lemelson. In 1954 and 1956, Lemelson filed patent applications purportedly disclosing inventions relating to "machine vision" and "automatic identification" technology—generally, "use of a computer system to analyze images obtained by means of a camera or scanner." Pet. App. 22a. Patents first issued on the 1954 application in 1962 (expiring in 1979), and on the 1956 application in 1963 (expiring in 1980). Using numerous continuation, CIP, and divisional applications, however, Lemelson kept these 1950s applications alive over the ensuing decades, periodically asserting new claims covering additional subject matter that he had supposedly disclosed, but not claimed, in the 1954 and 1956 applications. *See* Pet. 5; *Ford Motor Co.* v. *Lemelson*, 40 U.S.P.Q.2d 1349, 1358-60 (D. Nev. 1996) (tracing history of applications and claims), *vacated*, 42 U.S.P.Q.2d 1706 (D. Nev. 1997). These late-breaking claims were typically drawn specifically to cover technology that others had, in the meantime, developed and put into commercial use. Indeed, in demanding payment from one alleged infringer, Lemelson's lawyer unabashedly admitted that "'[t]he claims of [Lemelson's] pending applications [were] all being carefully drawn to cover practices in widespread commercial use'" more than thirty years after Lemelson's purported 1950s priority date. *See Ford Motor Co.*, 40 U.S.P.Q.2d at 1360 (quoting letter from Lemelson's counsel to Sanyo Electric Co., Ltd.) (emphasis omitted).

In the early 1970s, Lemelson began asserting claims covering "machine vision," claiming reliance on his 1954 and 1956 disclosures. *Ford Motor Co.*, 40 U.S.P.Q. at 1358-59. In 1989 he began filing a new series of applications, "claiming for the first time that the original applications filed in 1954 and 1956 disclosed inventions relating to bar code technology." *Id.* at 1359. As petitioner's representative ad-

mitted during discovery in the ongoing proceedings below, Lemelson never built a working model of the supposed inventions at issue in this case. Deposition of Louis J. Hoffman, representing petitioner under Fed. R. Civ. P. 30(b)(6), taken Apr. 3, 2002, at 374; *see also* Andrews, *Rich in the 90's on Ideas Hatched in the 50's*, N.Y. Times, Nov. 13, 1992, at A1, D4. Indeed, modern machine-vision and bar-code technology as it actually operates bears little or no resemblance to what Lemelson described in his initial applications. *See* Varchaver, *The Patent King*, Fortune, May 14, 2001, at 203, 210. Nonetheless, Lemelson's insistent applications ultimately led to the issuance of numerous patents, including the fourteen at issue here. Seventy-four of the eighty claims at issue were first presented to the Patent Office between 1989 and 1992. Five were first presented in 1980, and one in 1972. Resp. Cognex's Mem. in Support of Summ. Judg. at 2 (filed July 12, 2002); Resp. Symbol's Mem. in Support of Summ. Judg. at 2 (filed July 12, 2002). Thus, for example, as respondents will show in the ongoing proceedings below, the first claims that could possibly cover the technology at issue here were not filed until years after that technology was placed on sale by others, including respondents. On the basis of these tardy claims, petitioner now asserts exclusive rights, extending in some cases through 2011, to "inventions" that Lemelson supposedly disclosed—but did not claim or exploit—in the mid-1950s.

3. a. Respondents Cognex Corporation, Symbol Technologies, Inc., *et al.* are actual designers, manufacturers, and sellers of machine-vision systems, bar-code scanners, and related products. Pet. App. 3a, 21a. In 1998, petitioner contacted a number of respondents' customers, alleging that they were infringing patents held by petitioner, threatening them with litigation, and offering to issue licenses on "'very favorable terms'" in order to "'encourage prompt settlement.'" *Id.* at 25a. Seeking to stop these threats against their customers, respondents filed two actions in the United States District Court for the District of Nevada, seeking a declaratory judg-

ment that the patents at issue are invalid, unenforceable, and not infringed. *Id.* at 3a-4a, 26a. Among other things, respondents argued that Lemelson delayed unreasonably and inexcusably in applying for patents on the claims at issue, and that the doctrine of prosecution laches therefore operated to bar enforcement of the delayed claims. *See id.* at 4a.

The district court granted petitioner's motion to dismiss respondents' claims of prosecution laches, on the authority of an earlier decision by the same court that it would be "improper to introduce the equitable doctrine of laches into the statutory scheme of continuation practice." *Id.* at 30a (citing *Ford Motor Co.* v. *Lemelson*, 42 U.S.P.Q.2d 1706, 1709 (D. Nev. 1997)). The court otherwise denied petitioner's motions to dismiss, transfer, or stay, consolidated the two cases for pretrial discovery purposes, and set the matter for further proceedings. *Id.* at 30a-31a. The district court certified its decision concerning prosecution laches for immediate appeal under 28 U.S.C. § 1292(b) and (c). *See id.* at 4a.

b. The court of appeals reversed. Pet. App. 1a-13a. The court first explained (*id.* at 5a-7a) that this Court had applied the doctrine of prosecution laches in *Woodbridge* v. *United States*, 263 U.S. 50 (1923), and *Webster Electric Co.* v. *Splitdorf Electrical Co.*, 264 U.S. 463 (1924), and had recognized its existence in other cases. The court rejected petitioner's argument that prosecution laches was limited to the context of claims copied from another patent to provoke an interference proceeding, noting that *Webster* did not involve such a proceeding, and that later cases suggested no such limitation. Pet. App. 7a.

The court also rejected (*id.* at 7a-10a) petitioner's argument that the 1952 enactment of statutory provisions dealing with continuation and divisional applications abrogated the doctrine of prosecution laches. The court pointed out (*id.* at 8a) that before 1952 continuing applications were governed by practice and case law, including the laches defense, and that nothing in the history of the 1952 Act suggests any in-

tention to displace that defense. To the contrary, the court observed, authoritative commentary on the 1952 Act indicates Congress's intention to preserve "'equitable defenses such as laches, estoppel and unclean hands,'" *id.* at 9a (quoting Federico, *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161, 215 (1993) (reprinting original commentary)), and "precedent has since recognized the prosecution form of laches." *Id.* at 10a (citing *Pratt & Whitney Co.* v. *United States*, 345 F.2d 838, 843-44 (Ct. Cl. 1965) (per curiam) (adopting Commissioner's Report)).

Finally, the court rejected (*id.* at 10a-13a) petitioner's contention that the courts of appeals are constitutionally bound to treat every panel decision as authoritative precedent, even if the rendering panel designated the decision as non-precedential under the full court's standing rules. Noting the long history of non-precedential opinions, the large volume of published cases, and the uniform federal appellate practice of issuing some non-precedential opinions (*id.* at 11a-12a), the court declined to consider two such opinions cited by petitioner (*id.* at 13a).

Judge Newman dissented in part. *Id.* at 14a-19a. She agreed that the panel was not bound by non-precedential decisions (*id.* at 17a), but she disputed the majority's reading of this Court's cases (*id.* at 15a), and would have held that so long as a patent applicant complies with the statutory requirements for filing a continuation application, enforcement of a patent issued on that application may not be barred on equitable grounds (*see id.* at 15a-16a, 19a).

c. Having reversed the dismissal of respondents' laches claims, the court of appeals remanded the case to the district court for further proceedings. *Id.* at 13a. Petitioner did not request a stay of proceedings in the district court. Motions for summary judgment, on laches and other issues, have been submitted, and trial (if necessary) is set for November 18, 2002.

ARGUMENT

The decision below is interlocutory, and addresses a legal question that is of limited prospective importance given recent statutory changes. In any event, the court of appeals merely confirmed the continued application of legal principles settled by decisions of this Court, and remanded the case so that respondents could make their factual case concerning Lemelson's laches in prosecuting the patent claims that petitioner now seeks to enforce. There is no reason for review by this Court.

1. There are two threshold reasons why this case does not warrant review. First, the decision below is interlocutory. The court of appeals confirmed that the prosecution-laches defense remains available in appropriate cases, but it did not determine whether respondents had established laches in this case. That issue is presently pending before the district court, along with respondents' other challenges to the validity, applicability, and enforceability of petitioner's patent claims. The district court might decide that respondents have not established laches; that petitioner's patents are invalid or unenforceable for other reasons; or that respondents and their customers have not infringed those patents. Until the district court has had an opportunity to make findings and draw legal conclusions on all pending issues, review by this Court would be at best premature.

Second, the 1994 statutory change noted above (*see* note 1, *supra*) has substantially altered the underlying law relevant to claims of prosecution laches. The rule that any patent issued on a continuing application filed after June 8, 1995, may extend no longer than 20 years after the date of the earliest application on which the inventor relies, *see* 35 U.S.C. § 154(a)(2), will eliminate the most egregious instances of abuse, such as those at issue here. Under that rule, for example, Lemelson could not have received a patent term extending past 1974 or 1976—more than 25 years ago—for any invention disclosed in his 1954 or 1956 applications, no matter

when he submitted particular claims for consideration by the PTO. Accordingly, the decision below, which deals with prosecution laches only in the context of the pre-1994 statutory scheme, is of limited and diminishing prospective importance.

2. Petitioner labors to create the impression that the court of appeals in this case "set . . . established principle[s] aside" by "adopt[ing] a doctrine of 'prosecution laches.'" Pet. 8-9; *see also id.* at i, 8-11, 23-25. That is not correct. To the contrary, the court merely confirmed the continuing force of a doctrine established years ago by this Court's cases.

As petitioner notes (Pet. 9), modern continuing-application practice stems from this Court's decision long ago that "simultaneously pending patent applications—resting on a common disclosure—[should be] treated not as separate requests for patent issuance but rather as part of one continuous application that bears the date of the original." *Godfrey* v. *Eames*, 68 U.S. (1 Wall.) 317, 324-25 (1864). When matters proceed in the ordinary course, continuation practice can help to "secure the patent to the first discoverer"—that is, to the inventor who originated an invention and first disclosed it in a patent application, even if that application for some reason failed to include particular claims. *Chapman* v. *Wintroath*, 252 U.S. 126, 137 (1920). What petitioner fails to explain, however, is that the Court has also long recognized that in some circumstances, prolonged delay in seeking protection for particular claims may constitute an abuse of the patent process and unfairly prejudice the intervening rights of the public—a result that courts of equity will intervene to prevent.

Some of the Court's earliest decisions on this point involved reissue practice. *See* p. 3, *supra*. While reissuance serves the salutary purpose of allowing inventors to correct errors and oversights, it may also work to the disadvantage of those who have relied on the principle that a patent generally

protects only what is covered by its specific claims. More than a century ago, the Court observed:

> [Reissue] has come to be principally resorted to for the purpose of enlarging and expanding patent claims. And the evils which have grown from the practice have assumed large proportions. Patents have been so expanded and idealized, years after their first issue, that hundreds and thousands of mechanics and manufacturers, who had just reason to suppose that the field of action was open, have been obliged to discontinue their employments, or to pay an enormous tax for continuing them.

Miller v. *Brass Co.*, 104 U.S. 350, 354-55 (1881). The Court held that, as a matter of equity, "[t]he granting of a reissue for such a purpose, *after an unreasonable delay*, is clearly an abuse of the power to grant reissues, and may justly be declared illegal and void." *Id.* at 355 (emphasis added). Later cases established that an unexplained delay of more than two years in seeking broadened claims on reissuance constituted laches as a matter of law, and precluded the reissuance of a patent—despite the absence of any such limitation on the face of governing statute. *Wollensak* v. *Reiher*, 115 U.S. 96, 99-102 (1885); *see also id.* at 99 (A patentee should realize if the original patent does not cover the entire invention as disclosed in the application; failure to address any deficiency "with reasonable diligence, constitutes laches which in equity disables the party who seeks to revive a right which he has allowed to lie unclaimed, from enforcing it to the detriment of those who have . . . been led to act as though it were abandoned."); *Mahn* v. *Harwood*, 112 U.S. 354, 362 (1884) ("[I]f a patentee has not claimed as much as he is entitled to claim, he is bound to discover the defect in a reasonable time, or he loses all right to a reissue."). Congress later codified and supplemented that rule as a matter of statutory law. *See* 35 U.S.C. § 251.

Although these decisions dealt with reissue practice, they invoked and applied the doctrine of laches as a general principle of equity. *See Wollensak*, 115 U.S. at 99, 101-02. The Court similarly invoked general principles in *Woodbridge* v. *United States*, 263 U.S. 50 (1923), which involved a patent application filed in 1852 for improvements to cannon balls. *Id.* at 51. When notified that same year that the patent would issue, Woodbridge requested a delay of a year, as permitted by the law then in effect. *Id.* at 52-53. After nine-and-a-half years, he asked the Patent Office to issue the original patent and to consider additional claims, which he had drafted to displace patents that had been issued to others in the interim. *Id.* at 53. The Patent Office refused to act because of the delay. *Id.* at 53-54. Years later, Congress passed a special statute allowing Woodbridge to sue in the Court of Claims for compensation for any use the government might have made of his invention during the 17 years after 1852—but only if the court first determined that Woodbridge had not "forfeit[ed], or abandon[ed], his right to a patent, by publication, delay, laches or otherwise." *Id.* at 51 (quoting Act of March 2, 1901, 31 Stat. 1788).

This Court observed that these terms of the special statute merely incorporated the recognized principle "that there may be forfeiture by delay or laches." *Id.* at 56-57 (citing *Kendall* v. *Winsor*, 62 U.S. (21 How.) 322, 329 (1858) (one "may forfeit his rights as an inventor by a willful or negligent postponement of his claims")). Reviewing the facts and discussing analogous cases, the Court concluded that forfeiture of any patent right was appropriate, because "the purpose and result of the conduct of the inventor were unduly to postpone the time when the public could enjoy the free use of the invention." *Id.* at 60. The Court emphasized that its conclusion rested not on an inference that Woodbridge had at any point abandoned his intention to obtain a patent, but rather on the fact that his dilatory conduct of the patent prosecution reflected "a deliberate and unlawful purpose to postpone the term of the patent [that he] always intended to secure." *Id.* at

59; *see also, e.g., id.* at 56 ("Any practice . . . through which [a patent applicant] deliberately and without excuse postpones beyond the date of the actual invention, the beginning of the term of his monopoly, and thus puts off the free public enjoyment of the useful invention, is an evasion of the statute and defeats its benevolent aim.").

The year after *Woodbridge* the Court again invoked laches, this time to bar issuance of a patent on a divisional application filed eight years after the original. *Webster Elec. Co.* v. *Splitdorf Elec. Co.*, 264 U.S. 463, 465 (1924). Relying heavily on *Wollensak*, the Court made clear that where there was "unreasonable delay and neglect on the part of the applicant . . . in bringing forward claims broader than those originally sought" (*id.* at 465-66), the same equitable principle that barred reissuance in *Wollensak*, *Mahn*, and *Miller* was also "controlling" in the context of a continuing application (*id.* at 469). Because the claims at issue appeared to have been brought finally as an "exigent afterthought," the Court had "no hesitation in saying that the delay was unreasonable, and . . . constitutes laches, by which the petitioner lost whatever rights it might otherwise have been entitled to." *Id.* at 466. Such a limitation was necessary, the Court observed, in order to prevent "an undue extension of the patent monopoly against private and public rights." *Id.* Turning to a different question also raised, the *Webster* Court then clarified (*id.* at 469-71) that its earlier decision in *Chapman* v. *Wintroath*, *supra*, had also rested on flexible equitable principles. *Chapman*, the Court explained, was to be read as establishing only a presumption, not a "hard and fast" rule (264 U.S. at 470-71), that a divisional or similar application would be barred by laches unless filed within two years of the issuance of a conflicting patent or other notice of the assertion of "intervening private or public rights" (*id.* at 471).

The Court reiterated and expanded that clarification some years later in *Crown Cork & Seal Co.* v. *Ferdinand Gutmann Co.*, 304 U.S. 159 (1938), in which the court of appeals had held that certain divisional patent claims were

barred by laches. This Court reversed, not because it questioned the existence of a potential laches bar, but because it concluded that the court of appeals had misapplied the doctrine by holding that divisional claims were *per se* untimely if filed more than two years after a patent first issued on the parent application. *See* 304 U.S. at 164, 166-68. Discussing *Webster* and adverting to that case's discussion of *Chapman* (*id.* at 165-68), the Court emphasized that the two-year period that would raise a prima facie laches bar ran from the time of "an intervening patent or publication" (*id.* at 168)—*i.e.*, from the arising of some right in conflict with further claims that might otherwise be asserted by the original patent applicant. Thus, *Crown Cork* confirmed and clarified the application of the basic laches doctrine in the continuing application context. *See id.* at 167-68. In a second case argued and decided at the same time, the Court reiterated the rule in the context of a continuation application—although again the laches defense was not made out on the facts of the case before the Court. *General Talking Pictures Corp.* v. *Western Elec. Co.*, 304 U.S. 175, 182-83 ("In the absence of intervening adverse rights for more than two years prior to the continuation applications, they were in time."), *reh'g granted and further decision issued on other grounds*, 305 U.S. 124 (1938).

Not surprisingly, the decisions rendered by this Court concerning laches in patent prosecution are reflected in others rendered by the lower courts. *See, e.g.*, *Pratt & Whitney*, 345 F.2d at 843-44 (patentee "presented no claim to the Patent Office . . . which could *possibly* cover the [product at issue] until . . . at least 5 years after the [product] had been in public use and on sale"); *Hazeltine Research, Inc.* v. *General Motors Corp.*, 170 F.2d 6, 8-9 (6th Cir. 1948) (under *Crown Cork*, "intervening rights will invalidate a later patent"); *Vitamin Technologists, Inc.* v. *Wisconsin Alumni Research Found.*, 146 F.2d 941, 951-52 (9th Cir. 1944) (relying on *Woodbridge* and *Webster* to hold claims, though "valid on their face," barred by laches); *Saco-Lowell Shops* v. *Rey-*

nolds, 141 F.2d 587, 595 (4th Cir. 1944) (after *Crown Cork*, "the rule of *Webster* . . . has application only where there are intervening rights which will be adversely effected"); *Wirebounds Patents Co.* v. *Saranac Automatic Mach. Corp.*, 65 F.2d 904, 906 (6th Cir. 1933). In light of this solid grounding in the case law, including decisions of this Court, there is no substance to petitioner's charge that the Federal Circuit's continuing recognition of the doctrine in this case represents some startling departure from "'the settled expectations of the inventing community.'" Pet. 23 (quoting *Festo*, 122 S. Ct. at 1841).[3]

3. Petitioner also renews in this Court its specific arguments that judicial recognition of prosecution laches has been limited to the context of claims copied from another patent to provoke an interference proceeding (Pet. 15-18), and that statutory provisions have in any event superseded this Court's decisions and left no room for courts to apply the laches doctrine (Pet. 12-15, 18-22). The court of appeals correctly rejected those contentions. Pet. App. 7a-10a.

a. There is no basis for petitioner's effort to limit prosecution laches to the interference context.[4] Despite petitioner's suggestion to the contrary (Pet. 16-18), the claims at issue in *Webster* itself were made and allowed only *after* an interference proceeding with respect to *other* claims had already been finally determined. *See Webster*, 264 U.S. at 464-65. Although the Court made reference to the interference

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[3] *Festo* reversed a decision in which the Federal Circuit had expressly changed longstanding rules governing prosecution-history estoppel. *See id.* at 1836-37. This case presents precisely the opposite situation.

[4] An interference proceeding is initiated by the PTO to determine which of two claimants was the originator of a particular invention, and hence is entitled to the patent. *See* 35 U.S.C. § 135. If A believes that a patent issued to B claims an invention covered by A's application, A may seek to provoke an interference, including by filing a continuing application that copies claims made in B's patent. *See, e.g.*, *Bruning* v. *Hirose*, 161 F.3d 681, 683 (Fed. Cir. 1998); *see also* Pet. 4 n.3.

(*see id.* at 466, 469), it based its decision on the conclusion that in the continuing application context, just as in the reissue context, equity should not tolerate undue delay in asserting claims, when in the interim "their subject matter was disclosed and in general use" (*id.* at 465). That rationale, focusing on whether delay by the applicant has likely resulted in prejudice to intervening rights of any kind, underlies all the prosecution-laches decisions, whatever the nature of the specific proceedings at issue.

Lower courts have also applied *Webster* and *Crown Cork* to hold patents invalid in cases involving continuing-application claims that were not drafted to provoke interferences.[5] Other decisions discuss prosecution laches without any indication that the doctrine is limited to the interference context.[6] Petitioner relies (Pet. 17) on *Wirebounds*, 65 F.2d

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[5] *See Pratt & Whitney*, 345 F.2d at 843-44 (laches where intervening rights arose during eight-year delay between initial application and divisional application); *Vitamin Technologists*, 146 F.2d at 952 (five-year delay in filing continuing application after subject matter was disclosed in article); *Utah Radio Prods. Co.* v. *Boudette*, 78 F.2d 793, 798-99 (1st Cir. 1935) (four-year delay after subject matter was known and in public use); *Monsanto Co.* v. *Rohm & Haas Co.*, 312 F. Supp. 778, 795-96 (E.D. Pa. 1970) (six-year delay after invention was in public use), *aff'd on other grounds*, 456 F.2d 592 (3d Cir. 1972).

[6] *See, e.g., Engineering Dev. Labs.* v. *Radio Corp. of Am.*, 153 F.2d 523, 526 (2d Cir. 1946) (Hand, L., J.) ("[*Webster*] likened a divisional application . . . to a reissue . . . and held that, when broadened claims were filed more than two years after the original application and when there had been 'intervening rights,' the delay must be explained in the same way as though it were a reissue."); *Saco-Lowell Shops*, 141 F.2d at 595 ("[*Webster*] holds, in general application of equitable principles, that where the filing of divisional claims has been unreasonably delayed they should not be allowed to the prejudice of intervening rights."); *Wire Tie Machine Co.* v. *Pacific Box Corp.*, 102 F.2d 543, 558 (9th Cir. 1939) (Under *Webster* and *Crown Cork*, "[i]n the case of divisional applications, if there have been intervening rights, the [laches] rule relative to reissues will be applied."); *Progressive Games, Inc.* v. *Amusements Extra, Inc.*, 83 F. Supp. 2d 1180, 1184 n.1 (D. Colo. 1999) ("[T]he Court

at 905-06, and *Wagenhorst* v. *Hydraulic Steel Co.*, 27 F.2d 27, 30 (6th Cir. 1928), which state that issuance of a patent to another discloses the existence of intervening rights, and that an applicant may not unreasonably delay in asserting claims after that disclosure; but neither decision holds or implies that *only* issuance of an adverse patent gives rise to intervening rights for laches purposes, and courts have in fact recognized other such rights. *See, e.g.*, *Vitamin Technologists*, 146 F.2d at 952 (invention disclosed in article); *Utah Radio Prods.*, 78 F.2d at 798-99 (invention put into public use). Finally, while petitioner can cite one treatise in support of limiting laches to interference cases (*see* Pet. 17), that position has been soundly refuted, and most commentators discuss the laches doctrine without suggesting any such limitation.[7] Accordingly, both this Court's cases and the great

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sees no justification in narrowing *Webster*'s application to unreasonable delays in interference proceedings.").

[7] *See* DeWitt, *Does Supreme Court Precedent Sink Submarine Patents?*, 38 IDEA 601, 621-22 & n.134 (1998) (refuting 4 D. Chisum, *Patents* § 11.05[1][b] (1997)); *see also* 2 E. Lipscomb III, *Walker on Patents* § 7:13, at 417 (3d ed. 1985) (discussing *General Talking Pictures Corp.* and *Crown Cork* without reference to interferences); 2 A. Deller, *Walker on Patents* § 135, at 658 (2d ed. 1964) ("[I]f an inventor intentionally or by reason of culpable neglect is guilty of action which unduly postpones the time when the public would be entitled to the free use of the invention and thus defeats the policy of the patent law, the right to a patent will be lost."); 2 A. Deller, *Walker on Patents* § 183, at 869-70 (1937 & Supp. 1948) (discussing *Webster* and *Woodridge* as addressing "[t]he evil of long pending applications and the dilatory presentation of claims many years after the application has been filed"); *id.* § 184, at 872-73 ("In the absence of laches, or estoppel by intervening rights, the rights under a divisional application relate back to the date of filing of the original application."); B. Stedman, *Patents* § 111, at 255-57 (1939) (discussing *Webster* and *Crown Cork* without mention of any interference limitation); Eschweiler, Ford v. Lemelson *and Continuing Application Laches*, 79 J. Pat. & Trademark Office Soc'y 401, 406-07 (1997); Marcus, *Is the Submarine Patent Torpedoed:* Ford Motor Co. v. Lemelson *and the Revival of Continuation Application Laches*, 70 Temple L. Rev. 521, 555-56 (1997); Seegrist, *Delay in Claiming*, 21 J. of Patent Office Soc'y 741, 781 (1939). Contrary to petitioner's suggestion (Pet. 18 n.8), nothing in

weight of other authority support the court of appeals' rejection of petitioner's position. Pet. 7a.

b. Petitioner's statutory arguments fare no better. To begin with, petitioner's refrain that Lemelson "me[t] all the requirements of Section 120" (Pet. 9) is beside the point here. No one questions, for present purposes, that Section 120 may entitle petitioner to 1954 or 1956 filing dates for the patents in suit here. (If it did not, the patents could not have issued in the first place, because of the advanced state of the art at the time petitioner submitted his later applications.) Prosecution laches is, instead, an equitable doctrine that will intervene to preclude the enforcement of those patents—if respondents make the requisite showing in the proceedings now pending in the district court. The doctrine's *premise* is that courts of equity will refuse to enforce patent claims under certain unusual circumstances—*i.e.*, where a patentee has delayed unreasonably in submitting those claims after intervening rights have arisen—*even though* the patentee complied with all statutory rules. *See also* note 11, *infra*.

Petitioner argues (Pet. 12-15) that 35 U.S.C. § 120 sets a statutory time limit for continuation applications, leaving no room for the application of equitable doctrines. But Section 120 provides only that an application claiming an invention that was disclosed but not claimed in a previous application will generally be entitled to the earlier application's filing date, "if filed before the patenting or abandonment of or termination of proceedings on the [parent] application." That language merely codifies one aspect of the practice of "continuing" applications that had developed under this Court's decision in *Godfrey* v. *Eames*, *supra*. *See Transco Prods.*, 38 F.3d at 556-57. That practice included the doctrine of prosecution laches. And there is no indication of "any congressional intent to alter the Supreme Court's interpretation of continuing application practice." *Id.* at 557; *see also* S.

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any of these authorities "flatly contradict[s]" the court of appeals' reading of this Court's cases.

Rep. No. 82-1979 (1952), *reprinted at* 1952 U.S.C.C.A.N. 2394, 2413 ("[Section 120] represents present law not expressed in the statute, except for the added requirement that the first application must be specifically mentioned in the second.").[8]

Section 120 does not specify any new time limit, such as 30 days or one year from the occurrence of a particular event, within which a "continuing" application must be filed.[9] Without some such indication of an intended change, the presumption is that Congress did not intend, by codifying one part of continuing-application practice, to displace the limited but important check this Court had placed on that practice through the doctrine of prosecution laches. *See, e.g., Warner-Jenkinson Co.* v. *Hilton Davis Chem. Co.*, 520 U.S. 17, 26-27 (1997) (enactment of statutory infringement provision "left intact the entire body of case law on direct infringement," including the doctrine of equivalents and prosecution-history estoppel (internal quotation marks omitted)); *Davis* v. *Michigan Dep't of Treasury*, 489 U.S. 803, 813 (1989) ("When Congress codifies a judicially defined concept, it is presumed, absent an express statement to the contrary, that Congress intended to adopt the interpretation placed on that

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[8] The Federal Circuit's opinion in *Transco* was written by Judge Rich, who was a principal draftsman of the 1952 Act. *See* Pet. App. 9a.

[9] The absence of any specific statutory time limit answers petitioner's attempted reliance (Pet. 10, 14) on *Overland Motor Co.* v. *Packard Motor Car Co.*, 274 U.S. 417 (1927). *Overland* involved a one-year period specifically set by statute for responding to any Patent Office action on an application, after which the application might be deemed abandoned. *See id.* at 422-23; *cf.* 35 U.S.C. § 133 (successor provision). Here, Congress has made no such decision. Legislative silence on the issue leaves ample room for the courts to continue to impose modest equitable restraints on delay in the submission of claims—an issue that would otherwise be left wholly unaddressed.

concept by the courts."). Nothing in Section 120 is inconsistent with that presumption.[10]

Petitioner also points out (Pet. 18-19) that Congress has enacted specific statutory provisions covering two of the laches situations originally addressed by this Court's cases—reissue practice and the practice of copying claims from an issued patent to provoke an interference. *See* 35 U.S.C. §§ 135(b) (precluding claims copied from an issued patent unless made within one year of issuance) and 251-52 (precluding reissuance that enlarges scope of claims unless application is made within two years of original grant, and specifying protections for intervening uses). There is no question that Congress may choose to enact statutory rules to address particular abuses; and specific rules so adopted may, where they apply, largely or wholly supplant more general equitable standards that courts might otherwise invoke.

Continuation applications are, however, filed in a wide variety of circumstances, and Congress did not attempt to adopt bright-line rules to govern all of them. This is not a reissue or claim-copying case, and Congress's adoption of specific (and rather stringent) statutory time limitations for those situations does not affect the courts' continuing application of established equitable principles to other conduct by patent applicants such as Lemelson. *Cf. Warner-Jenkinson*, 520 U.S. at 28 (1952 provision addressing one aspect of doc-

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[10] Petitioner misplaces its reliance (Pet. 18-19) on the absence of a statutory provision expressly dealing with prosecution laches. The question is, instead, whether anything in the statute shows an intent to *displace* the existing doctrine. *See also* Pet. App. 9a-10a (discussing incorporation of existing defenses, including equitable defenses, through 35 U.S.C. § 282). Similarly, petitioner's discussion of congressional action or inaction on proposals to change continuing-application practice (Pet. 20-22) is beside the point. Congress's failure to enact fundamental changes to existing practice in 1952, and its decision to make such changes prospective in 1994, cannot be read to overrule, *sub silentio*, the decisions of this Court that had placed equitable outer limits *on the existing practice*.

trine of equivalents did not eliminate remainder of doctrine; "Absent something more compelling than the dubious negative inference offered by petitioner, the lengthy history of the doctrine of equivalents strongly supports . . . our refusal . . . to find that the Patent Act conflicts with that doctrine."). Indeed, it is illogical to suppose that when Congress imposed specific limits on, for example, reissue practice, it meant to foreclose any judicial check on alternative methods that might otherwise be used to similar ends. *Cf. Johnson & Johnston*, 285 F.3d at 1055 (citing reissue and continuation applications as alternative remedies for patentee "who inadvertently fails to claim disclosed subject matter"). The court of appeals therefore properly rejected petitioner's contention that the 1952 Act somehow abolished the doctrine of prosecution laches. Pet. App. 7a-10a.

c. Finally, petitioner argues (Pet. 23-25) that the doctrine of prosecution laches is poor policy, because it "curtail[s] patent rights granted by the [Patent] Act," disrupts expectations, exposes patent applicants to "the vagaries of . . . judicial judgment," promotes litigation, and disadvantages "inventor[s] of considerable foresight." Such arguments are "best addressed to Congress, not this Court." *Warner-Jenkinson*, 520 U.S. at 28. In any event, they lack merit here.

As we have explained, the prosecution laches doctrine does not contradict anything in the Patent Act, and forms *part of* the reasonable expectations of patent applicants. *See Festo*, 122 S. Ct. at 1841 ("[P]atent prosecution occurs in the light of [this Court's] case law."). An applicant is entitled to use ordinary procedures to prosecute claims and obtain patents in the ordinary course; but there can be no legitimate expectation that courts of equity will tolerate the misuse or abuse of those procedures in extraordinary cases such as this one. To the contrary, in that context the laches doctrine protects the legitimate expectations of those who independently create and commercialize new technology, or use and build on existing technology in the justifiable belief that it is in the public domain or covered only by known patent claims. *Cf.*

Webster, 264 U.S. at 467 (unreasonable delay in claiming "'in equity disables the party, who seeks to revive a right which he has allowed to lie unclaimed, from enforcing it to the detriment of those who have, in consequence, been led to act as though it were abandoned'" (quoting *Wollensak*, 115 U.S. at 99)); *Festo*, 122 S. Ct. at 1837 ("The [patent] monopoly is a property right; and like any property right, its boundaries should be clear. . . . A patent holder should know what he owns, and the public should know what he does not.").

The possibility of litigation, and the necessity of relying on the judgment and discretion of courts, is simply a feature of patent law, as of most other fields.[11] There is no reason to

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[11] Petitioner's argument suggests that patent law is characterized by clear statutory rights that are easily applied in all situations. Apart from the uncertain contours of central concepts such as novelty and non-obviousness (*see* 35 U.S.C. §§ 102-103), which often lead to litigation, patent law is shot through with equitable doctrines that supplement the statute, and may affect enforcement of a patent that satisfies every statutory requirement. One example particularly relevant to petitioner's contentions is *A.C. Aukerman Co.* v. *R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1029-32 (Fed. Cir. 1992) (en banc), which holds that even though 35 U.S.C. § 286 always limits infringement damages to the period six years before the filing of a complaint, in a particular case laches may limit recovery to a shorter period. *See also, e.g.*, *Festo*, 122 S. Ct. at 1838, 1840 (rejecting appellate decision meant to provide greater certainty, and reaffirming "flexible" equitable doctrine of prosecution-history estoppel); *Warner-Jenkinson*, *supra* (doctrine of equivalents); *Zenith Radio Corp.* v. *Hazeltine Research, Inc.*, 395 U.S. 100, 135-36 (1969) (patent misuse); *Precision Instrument Mfg. Co.* v. *Automotive Maintenance Mach. Co.*, 324 U.S. 806, 816 (1945) (inequitable conduct or unclean hands); *Keystone Driller Co.* v. *General Excavator Co.*, 290 U.S. 240 (1933) ("infectious" unenforceability, based on inequitable conduct in prosecution of a different patent); *Westinghouse* v. *Boyden Power-Brake Co.*, 170 U.S. 537, 568 (1898) ("reverse" doctrine of equivalents, defeating liability despite literal infringement, where device sufficiently changed in principle); *Lane & Bodley Co.* v. *Locke*, 150 U.S. 193, 201 (1893) (laches in bringing infringement claim); *PerSeptive Biosystems, Inc.* v. *Pharmacia Biotech, Inc.*, 225 F.3d 1315, 1322 (Fed. Cir. 2000) ("The simple fact is that a patent may be valid yet be rendered un-

credit petitioner's prediction (Pet. 25) that reconfirming the existence of a longstanding doctrine will suddenly give rise to a "vast amount of burdensome . . . litigation." Colorable claims of prosecution laches will arise only in unusual cases, such as this one: Most patent applicants do not submit an initial application, draw out the "continuation" process for 36 years, and then seek to extract huge license fees on the basis of new patent claims specifically drawn to cover the products of an entire industry that has grown up in the meantime, entirely through the work of others.[12] And petitioner's suggestion (Pet. 24-25) that Mr. Lemelson was a visionary inventor, rather than an unusually aggressive manipulator of the patent process, prejudges matters that should be left for further exploration by the district court.

4. Petitioner also asks the Court to consider whether the courts of appeals may constitutionally continue their uniform practice of allowing individual panels to designate some of their decisions as non-precedential. Pet. 26-28. It is not clear, however, how the Court would ever reach that issue, unless it denied review on the first question presented. Otherwise, whatever decision this Court rendered concerning the continuing validity of the prosecution laches doctrine would surely moot any dispute over the previous precedential value

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enforceable for misuse or inequitable conduct." (internal quotation marks and citation omitted)); *In re Kaplan*, 789 F.2d 1574, 1580 (Fed. Cir. 1986) (obviousness-type double patenting).

[12] For instructive background concerning Mr. Lemelson and his practices, *see, e.g.*, *Ford Motor Co.* v. *Lemelson*, 40 U.S.P.Q.2d at 1351, 1360-61; Long, *Patent Signals*, 69 U. Chi. L. Rev. 625, 648 (2002); Varchaver, *The Patent King*, Fortune, May 14, 2001, at 203, 204 ("'In many cases, Lemelson didn't patent inventions,' says [a former Lemelson attorney]. 'He invented patents.'"); Andrews, *Rich in the 90's on Ideas Hatched in the 50's*, N.Y. Times, Nov. 13, 1992, at A1, D4; Gruley, *Inventor to Big 3: You Owe Me Millions*, Detroit News & Free Press, Apr. 4, 1993, at 1A, 14A; Yerton, *The Sky's the Limit*, Am. Law., May 1993, at 64; Seabrook, *The Flash of Genius*, New Yorker, Jan. 11, 1993, at 38, 50.

of unpublished (or, for that matter, published) opinions of the court of appeals addressing the same issue.

If this Court were to reach the second question, decide it in favor of petitioner, and remand the case without addressing the merits, the panel below would be bound to give precedential weight to the unpublished panel opinions on which petitioner sought to rely. On the other hand, whether or not the panel could distinguish those cases, it would have to accord controlling weight to this Court's decisions in *Webster* and like cases, and to a published decision of the Court of Claims that predated and thus should have bound, but was not cited by, the panels that rendered the unpublished decisions. *See Pratt & Whitney*, 345 F.2d at 843-44 (applying *Webster*); *South Corp.* v. *United States*, 690 F.2d 1368, 1369 (Fed. Cir. 1982) (en banc) (adopting pre-1982 decisions of the Court of Claims as binding precedent). Following ordinary rules of precedence, the panel would be bound to reach the same conclusion that is already reflected in the decision below. *See Newell Cos.* v. *Kenney Mfg. Co.*, 864 F.2d 757, 765 (Fed. Cir. 1988) ("Where there is a direct conflict [between panel decisions], the precedential decision is the first.").

In any event, as petitioner acknowledges (Pet. 27-28), while the practice of designating some panel opinions as nonprecedential has generated a degree of judicial and scholarly discussion in recent years, there is no conflict among the lower courts concerning whether that practice is constitutionally permissible. There is, accordingly, no current reason for this Court to grant review on that issue.[13] And apart from

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[13] Any desirable change in practice may, of course, be brought about through amendments to governing law or the federal rules. *See, e.g.*, Oversight Hearing on "Unpublished Judicial Opinions," Before Subcomm. on Courts, the Internet and Intellectual Property, House Comm. on the Judiciary, 107th Cong. (June 27, 2002); *see also id.* (testimony of Judge Samuel A. Alito, Jr.) (noting that in November 2002 the Advisory Committee on the Federal Rules of Appellate Procedure will consider proposing a uniform rule to govern citation of unpublished opinions.)

that constitutional question, how the courts of appeals manage and reconcile decisions of their different panels is principally a matter for those courts themselves. *Wisniewski* v. *United States*, 353 U.S. 901 (1957).[14]

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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[14] The court of appeals denied petitioner's request that it rehear this case en banc. Pet. App. 32a-33a. Of the six judges who rendered the unpublished decisions petitioner cites, three (Judges Mayer, Bryson and Gajarsa) are still in active service, and all three voted against rehearing in this case. *Cf. Johnson & Johnston*, 285 F.3d at 1051-53, 1055 (rehearing case en banc to resolve conflict between two panel decisions and overruling one of them, in a 12-1 decision relying in part on this Court's decisions in *Miller* v. *Brass Co.*, *supra*, and *Mahn* v. *Harwood*, *supra*).